Praxair, Inc.
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President, North American Industrial Gases

Robert W. Baird Industrial Conference
November 9, 2010
Forward Looking Statement

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management’s reasonable expectations and assumptions as of the date the statements are made but involve risks and uncertainties. These risks and uncertainties include, without limitation: the performance of stock markets generally; developments in worldwide and national economies and other international events and circumstances; changes in foreign currencies and in interest rates; the cost and availability of electric power, natural gas and other raw materials; the ability to achieve price increases to offset cost increases; catastrophic events including natural disasters, epidemics and acts of war and terrorism; the ability to attract, hire, and retain qualified personnel; the impact of changes in financial accounting standards; the impact of changes in pension plan liabilities; the impact of tax, environmental, healthcare and other legislation and government regulation in jurisdictions in which the company operates; the cost and outcomes of investigations, litigation and regulatory proceedings; continued timely development and market acceptance of new products and applications; the impact of competitive products and pricing; future financial and operating performance of major customers and industries served; and the effectiveness and speed of integrating new acquisitions into the business. These risks and uncertainties may cause actual future results or circumstances to differ materially from the projections or estimates contained in the forward-looking statements. The company assumes no obligation to update or provide revisions to any forward-looking statement in response to changing circumstances. The above listed risks and uncertainties are further described in Item 1A (Risk Factors) in the company’s Form 10-K and 10-Q reports filed with the SEC which should be reviewed carefully. Please consider the company’s forward-looking statements in light of those risks.
Praxair Delivers Consistent Outperformance

Indexed EPS


Recession

Praxair

S&P 500

16% CAGR

8% CAGR

Indexed EPS

Attractive Industry + Future Growth + Execution-Based Comp. Advantage = Winning Formula

*Source: Thomson First Call
Diverse End Markets and Geographies

**End Markets**
- Manufacturing: 23%
- Metals: 15%
- Energy: 12%
- Aerospace: 3%
- Chemicals: 10%
- Electronics: 8%
- Other: 11%
- Food & Beverage: 7%
- Healthcare: 11%
- Aerospace: 3%
- Food & Beverage: 7%
- Healthcare: 11%
- Other: 11%
- Manufacturing: 23%

**Geographies**
- North America: 52%
- South America: 18%
- Asia: 10%
- Europe: 14%
- Surface Technologies: 6%

2009 sales
Unique Revenue Model

On-Site/Pipeline 24%*

- 15 year take-or-pay contracts
- Indexed to energy, inflation, currency

Merchant Liquid 29%*

- Exclusive supply agreements
- Sourced as by-product from on-site

Packaged/Medical 31%*

- Cylinder and equipment rental
- Sourced as by-product from bulk

*2009 sales

Integrated supply & contract terms drive high ROC
Production and Distribution Density…

Praxair: Strongest North American supply system

On-site and Bulk Gases
- 300 production plants
- 8000 customer locations
- 1500 distribution vehicles
- 11 pipeline enclaves

Packaged and Specialty Gases
- 400 distribution facilities
- >400,000 customers
- 1000 distribution vehicles
- 83 filling stations

... drives reliability, growth, and profitability
Praxair Key Growth Drivers

Emerging Economies
- Infrastructure development & domestic consumption
- Migrating application technologies
- Outsourcing of captive production

Energy
- Global growth of refinery hydrogen
- Coal gasification in China
- Enhanced oil recovery

Environment
- Air, water, waste regulations
- Development of alternative fuels
- Potential GHG regulations

Supports annual organic sales growth of 8-12%
Emerging Markets Sales

2005: $7.5B
- Asia: 26%
- South America: 5%
- Mexico: 18%
- US and Canada: 31%
- Europe: 10%

2010F: $10B
- Asia: 35%
- South America: 10%
- Mexico: 14%
- US and Canada: 26%
- Europe: 5%

2015F: $15B
- Asia: 45%
- South America: 7%
- Mexico: 6%
- US and Canada: 26%
- Europe: 12%

14% CAGR for emerging market growth

Accelerating growth in emerging markets
Emerging Economies – Growth Outlook

- **Brazil**
  - Growing energy, metals and manufacturing markets
  - Strong domestic growth

- **Mexico**
  - Strong growth from energy sector
  - Upswing in industrial investment

- **China**
  - Petrochemicals and gasification
  - Industrialization of inland provinces

- **India**
  - Expanding middle class
  - Infrastructure investment

- **Middle East**
  - Joint venture

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**Per Capita Industrial Gas Consumption (% of US)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>100%</td>
</tr>
<tr>
<td>ME*</td>
<td>52%</td>
</tr>
<tr>
<td>Mex</td>
<td>27%</td>
</tr>
<tr>
<td>Brazil</td>
<td>22%</td>
</tr>
<tr>
<td>Rus</td>
<td>10%</td>
</tr>
<tr>
<td>China</td>
<td>6%</td>
</tr>
<tr>
<td>India</td>
<td>1%</td>
</tr>
</tbody>
</table>

*GCC countries
Source: Spiritus Consulting

Decades of Organic Growth
Emerging Market Example - Coal Gasification

- Active in China
  - Limited oil and gas availability
  - Plenty of low-cost coal
  - Integrated coal to chemicals

- Praxair oxygen supply
  - Integrated with gasification technology
  - Large oxygen plants - 3,000 TPD
    - SOPO – started up Dec 2009
    - Anhui Huayi – 2011

$1B revenue potential in the next 5-7 years
Energy Markets Drive Hydrogen Growth

- Developed markets
  - Environmental fuel standards
  - Efficiency/flexibility/reliability
  - Shift to diesel

- Emerging Markets
  - Greenfield refining capacity
  - Adoption of Euro fuel standards
  - Heavy/sour crude capability
  - H₂ for chemicals
  - Trend toward outsourcing

### Refining Capacity Growth (2010 – 2015)

<table>
<thead>
<tr>
<th>Region</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>US/Europe</td>
<td>2%</td>
</tr>
<tr>
<td>India</td>
<td>15%</td>
</tr>
<tr>
<td>China</td>
<td>20%</td>
</tr>
<tr>
<td>Middle East</td>
<td>24%</td>
</tr>
<tr>
<td>Brazil</td>
<td>25%</td>
</tr>
</tbody>
</table>

Source: Purvin & Gertz, Praxair estimates

Targeting 3 B scfd of hydrogen supply
Energy Market Opportunities

- Enhanced oil recovery
  - Nitrogen or CO₂ injection
  - Large global market potential

- Renewable energy
  - Biofuels
  - Solar

- Natural gas BTU stabilization
  - Nitrogen blending

- CO₂ sequestration pilots

Significant long-term global opportunities
Environmentally Driven Application Technologies

Oxy-fuel Combustion
Renewable Biofuels
Water Treatment
Photovoltaics

~2-3% per year sales growth from high margin applications
Renewable Energy - Biofuels

- Renewable Fuels Standard creates current biofuels market
- 2nd generation biofuels are significant users of industrial gases
  - O2, H2 for gasification of biomass
  - H2 for hydroprocessing of oils
  - CO2 for algae growth

Potential ~$500MM U.S. industrial gas market by 2015

Source: Energy Independence and Security Act of 2007, Praxair estimates
Continuous Improvement in Plant Design

- Product line plants
  - >90% of plant builds
  - Flexible platforms

- Increased sizes for gasification

- Technology Roadmap
  - Distillation
  - Heat transfer
  - Pre-purification
  - Turbomachinery
  - 45+ programs through 2015

Product Line Plants

<table>
<thead>
<tr>
<th>Plant Size (TPD)</th>
<th>Low Purity Oxygen</th>
<th>High Purity Oxygen</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-250 TPD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,000 TPD</td>
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<td></td>
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</tbody>
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Oxygen Cost Index ($ per ton O₂)

Up to 30% improvement over 2006

3 + % capital and energy savings p.a.
Long-Term Growth Outlook

**Annual Organic Sales Growth**

- **+8-12%**
- **3-5%**
  - On-site project backlog
- **2-3%**
  - Applications and technology transfer
- **3-4%**
  - Base business follows IP*

**Project Backlog**

- Major projects >$5MM capital
  - December 2006: $1.0 B
  - December 2008: $2.0 B
  - December 2010F: $2.5 B Est.

**Generates 12-18% annual organic EPS growth**

*Industrial production*
Strong Cash Flow Generation

Cash Flow 2000-2010F ($MM)

2010F

<table>
<thead>
<tr>
<th></th>
<th>$B</th>
<th>% Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cash Flow</td>
<td>$2.3</td>
<td>23%</td>
</tr>
<tr>
<td>Capital Reinvestment</td>
<td>$1.4</td>
<td>14%</td>
</tr>
<tr>
<td>Dividends and Stock Purchases (net)</td>
<td>$1.1</td>
<td>11%</td>
</tr>
</tbody>
</table>

Return on capital of 15% after-tax generates cash flow for growth and shareholder return

1) Non-GAAP measure. Free cash flow equals operating cash flow minus capital expenditures.
2) Excludes Leased Asset Purchase in 2003
Principles of Sustainable Development

Governance and Integrity
Maintain strong systems and a culture of global corporate governance, compliance, ethics, human rights, integrity and accountability.

Strategic Leadership
Stay current with, and take advantage of, emerging global opportunities, developments and challenges to position Praxair for the future.

Customer Commitment
Focus relentlessly on the delivery of customer value through continuous innovation that helps our customers enhance their product quality, service, reliability, productivity, safety, energy efficiency and environmental performance.

Environmental Responsibility
Achieve continuous environmental performance improvement and energy efficiency in our operations.

Employee Safety and Development
Provide opportunities that allow employees to develop to their fullest potential in a creative, inclusive and safe environment.

Community Support
Participate in community development in regions where we operate.

Financial Performance
Maintain year-on-year recognition from shareholders and stakeholders for top-tier financial performance.

Stakeholder Engagement and Communication
Partner with internal and external stakeholders to achieve a strong, secure and sustainable society, economy and environment.